

THE MICHIGAN REAL ESTATE MARKET

Presented by: Scott Griffith, President



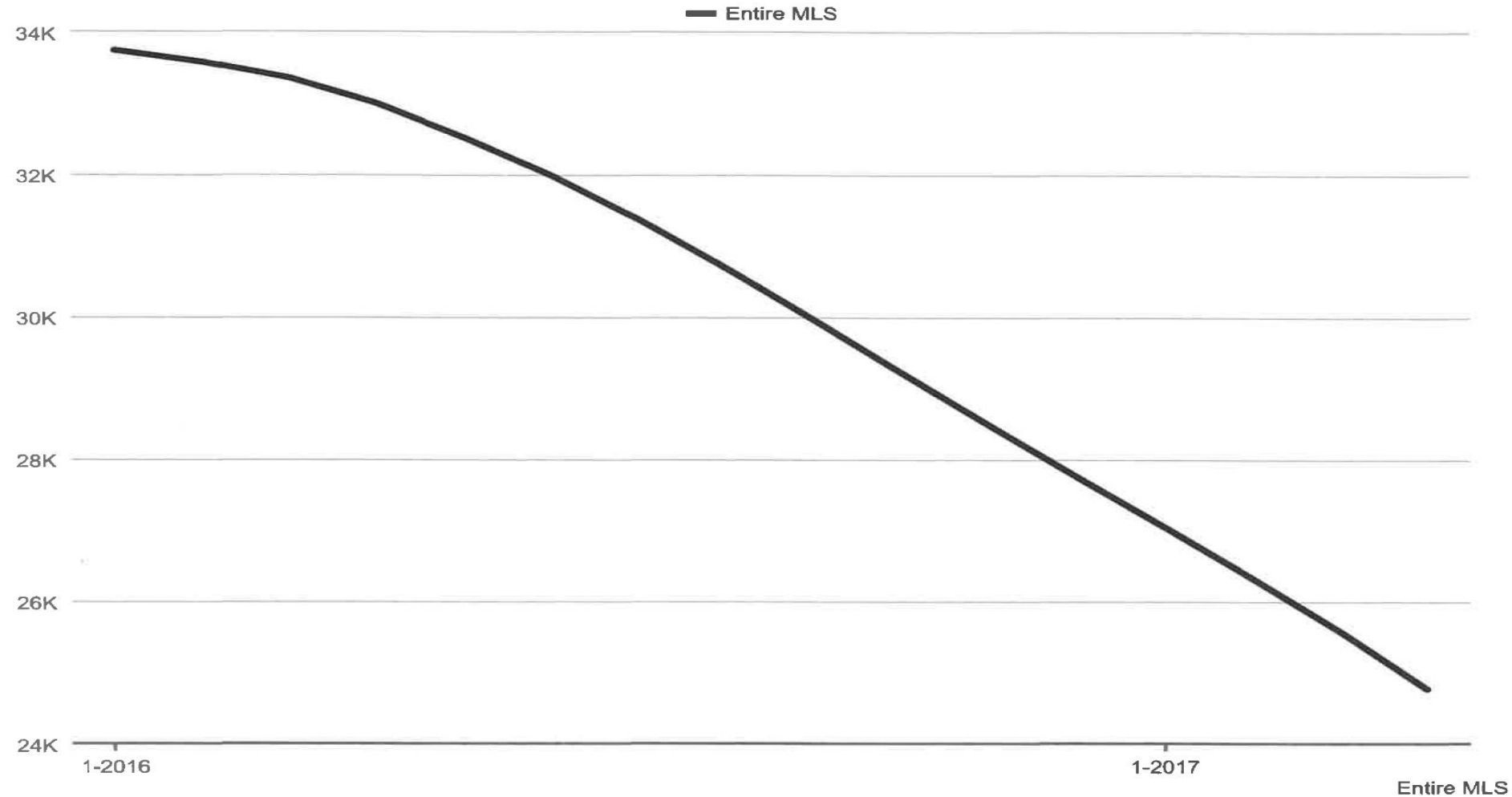
- ▶ Our goal today- Understand the real estate market well enough to determine the consequences on tax base and discuss some trends to plan for the future.



▶ How is the real estate market doing?



Homes for Sale



Each data point is 12 months of activity. Data is from May 31, 2017.

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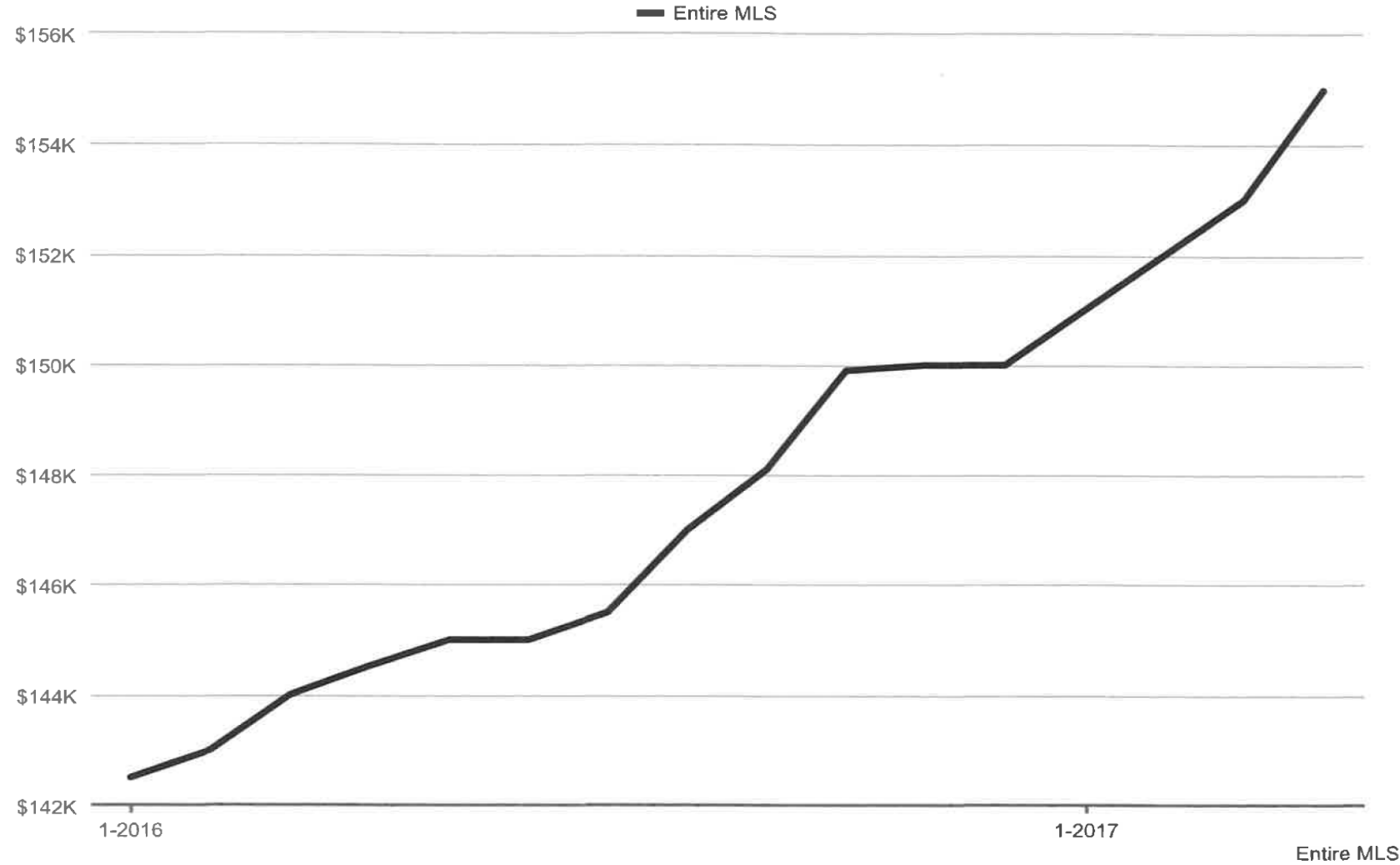
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Median Sales Price



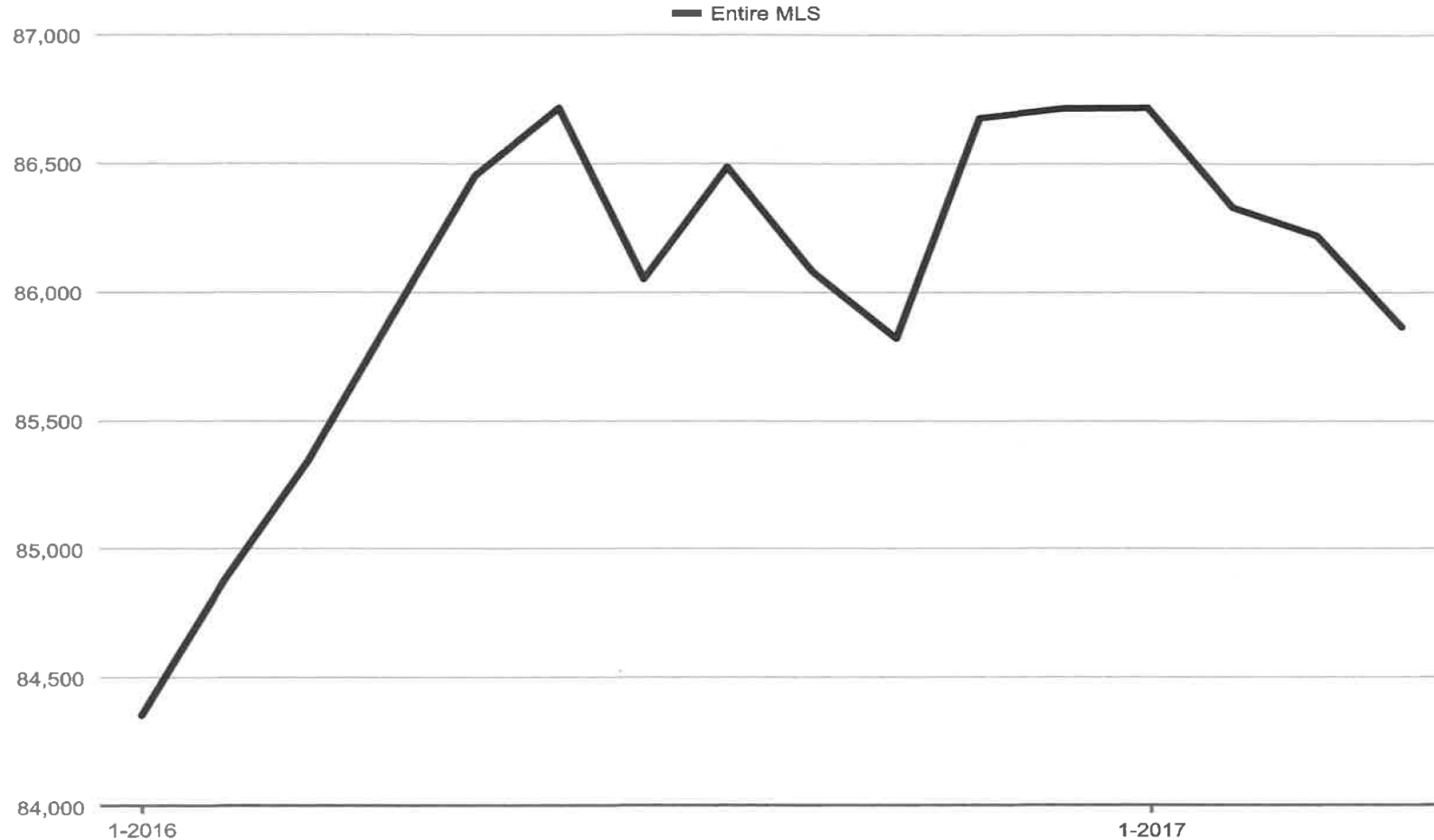
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Closed Sales



Entire MLS



FOR IMMEDIATE RELEASE

Spring Cleanup: Median Home Sales Prices Continue to Rise
Buyers Clear-out Houses as Days-on-Market Drops

Quick Facts		
- 5.4%	+ 10.0%	- 38.8%
Year-Over-Year Change in Closed Sales Residential and Condo	Year-Over-Year Change in Median Sales Price Residential and Condo	Year-Over-Year Change in Homes for Sale Residential and Condo

April Monthly Highlights:

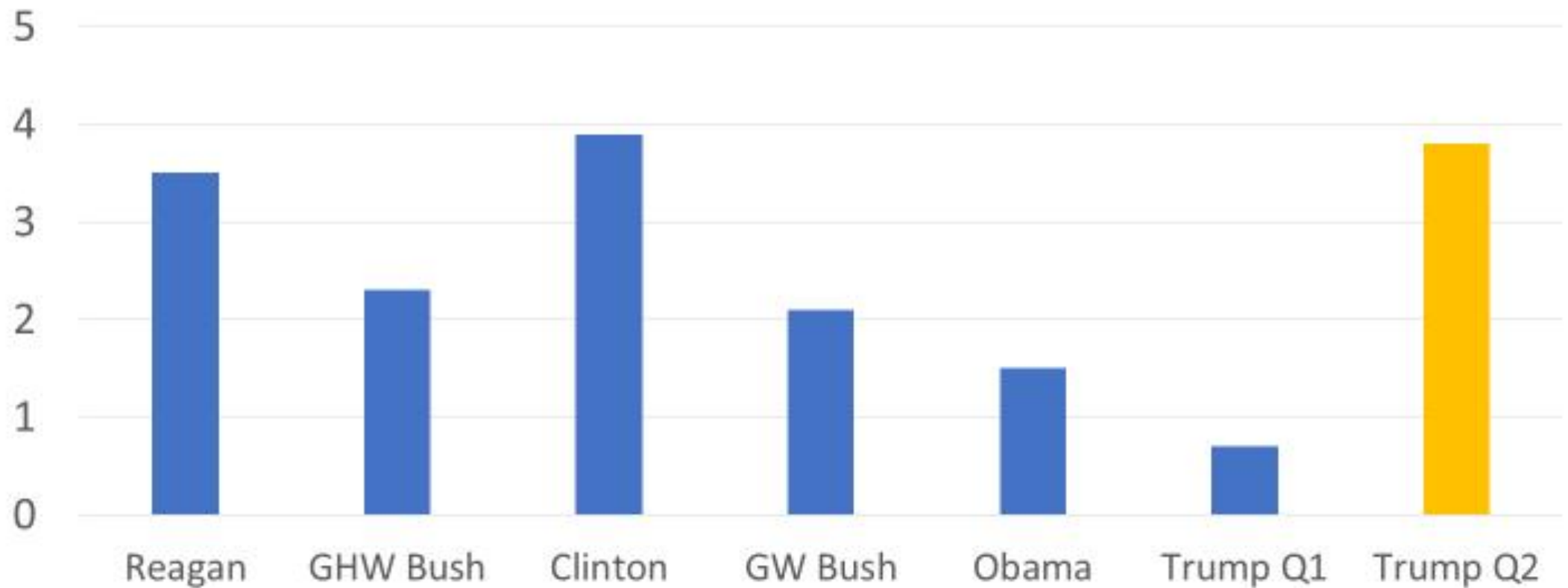
- The employment landscape and wages have both improved over the last few years, allowing for more people to participate in the home-buying process. When the economy is in good working order, as it is now, it creates opportunities in residential real estate, and right now is a potentially lucrative time to sell a home. Houses that show well and are priced correctly have been selling quickly, often at higher prices than asking. Although there is a mounting amount of buyer competition during the annual spring market cycle, buyer demand has not abated, nor is it expected to in the immediate future unless something unpredictable occurs. While strong demand is generally considered a good problem to have, it creates an affordability issue for some buyers, especially first-time buyers. And yet, prices will continue to rise amidst strong demand.
- All MLS sales for the month were down by 5.4% Y-O-Y, from 6,802 to 6,435. *All MLS sales decreased M-O-M from 6,464.*
- The median sale price for All MLS sales increased by 10.0% Y-O-Y, from \$144,900 to \$159,389. *The All MLS median sale price increased M-O-M from \$152,500.*
- Average Days On-Market (DOM) for All MLS sales decreased by 14 days Y-O-Y, from 59 to 45. *The ALL MLS avg. DOM decreased M-O-M by 7 days.*
- All MLS on-market listings (inventory) decreased by 38.8% Y-O-Y from 27,040 to 16,552. *All MLS on-market listings increased M-O-M from 16,266.*

- ▶ The economy
 - ▶ Work
 - ▶ GDP
 - ▶ Finance/ interest rates
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.

Total Job Openings

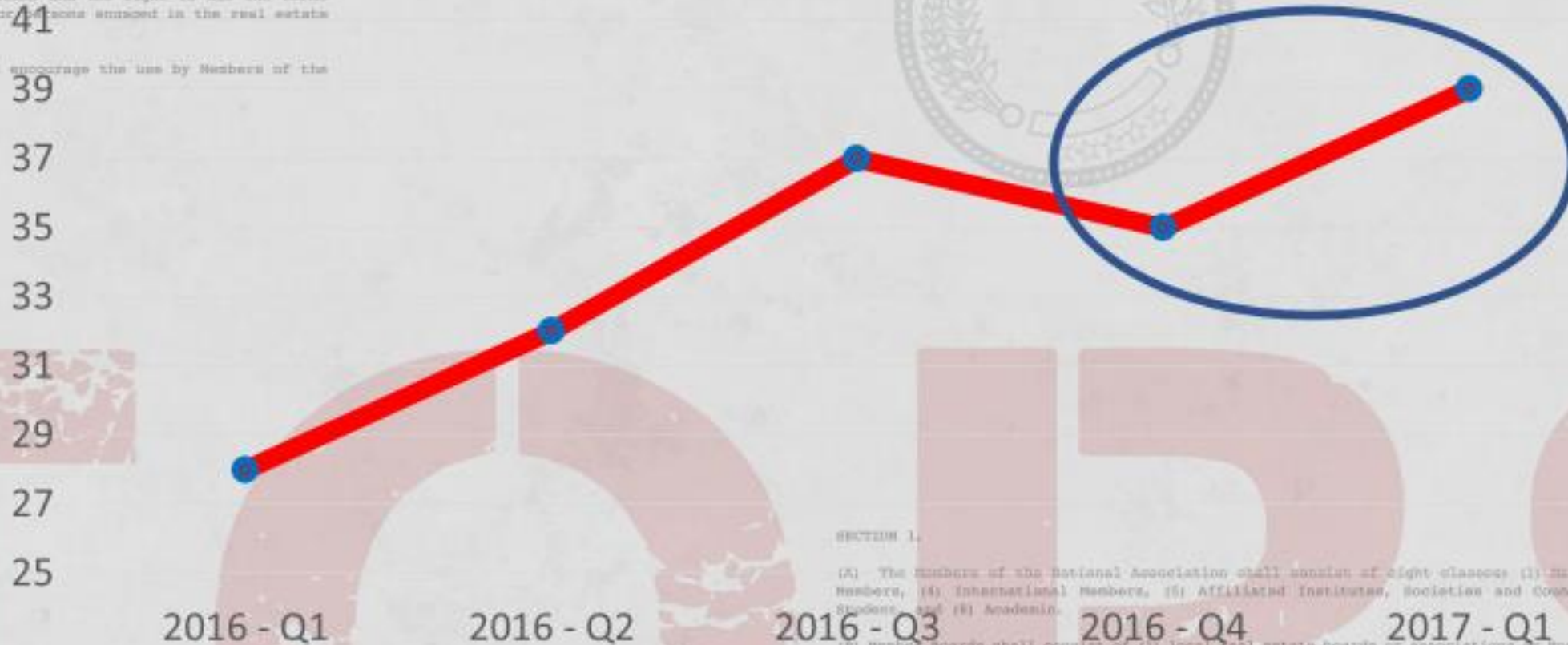


GDP Growth Rates



NAR HOME Survey of Consumers

% Strongly indicating Good Time to Sell



SECTION 1.

(A) The members of the National Association shall consist of eight classes: (1) Member Boards, (2) Non-Members, (3) International Members, (4) Affiliated Institutes, Societies and Councils, (5) Distinguished Students, and (6) Academic.

(B) Member Boards shall consist of (1) local real estate boards or associations or boards or associations or as local boards, which shall include city, county, inter-county or inter-state boards, and also (2) Section 5 of this Article, all of the REALTOR® Members and REALTOR-ASSOCIATE® members of which the Association through each local board, or state association, as the case may be.

(C) Board members shall be either REALTOR®, REALTOR-ASSOCIATE®, or Institute Affiliates Members in good standing.

(D) REALTOR® members shall be:



Griffith **Presents...**

Your "House" as seen by:

Yourself



The Buyer



The Appraiser




Your Tenant



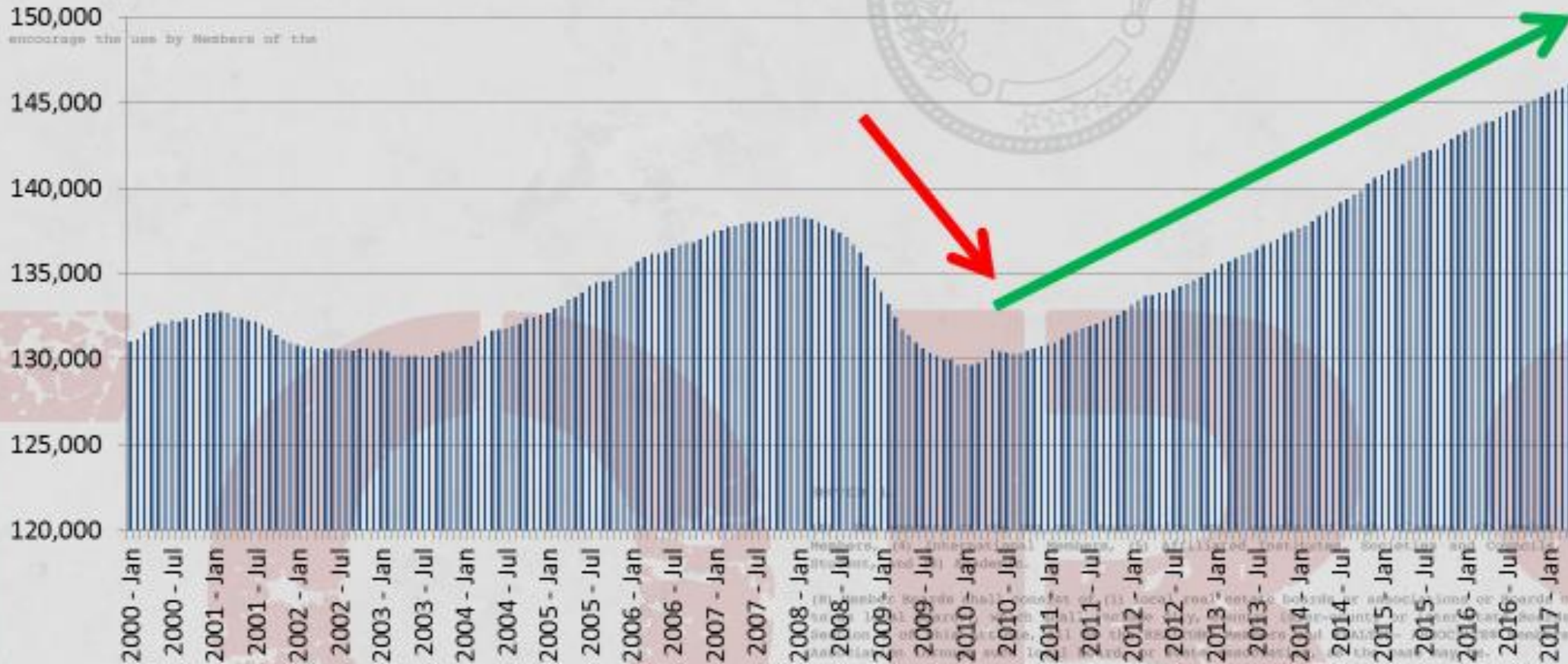
*The
Tax Assessor*




- ▶ Historical context
 - ▶ Pre 2010
 - ▶ Recession/ jobs/market impact
 - ▶ Housing starts
- 

Jobs (8 million lost ... 16 million gained)

In thousands



- ▶ Recovery
 - ▶ Work/ pay
 - ▶ Housing starts
 - ▶ Resales
 - ▶ Buyers
 - ▶ Interest rates
- 
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Single-family Housing Starts

(Cannot Ramp Up because of *Lots, Labor, Lending, Lumber*)



Median Home Price: New vs. Existing

350,000

300,000

250,000

200,000

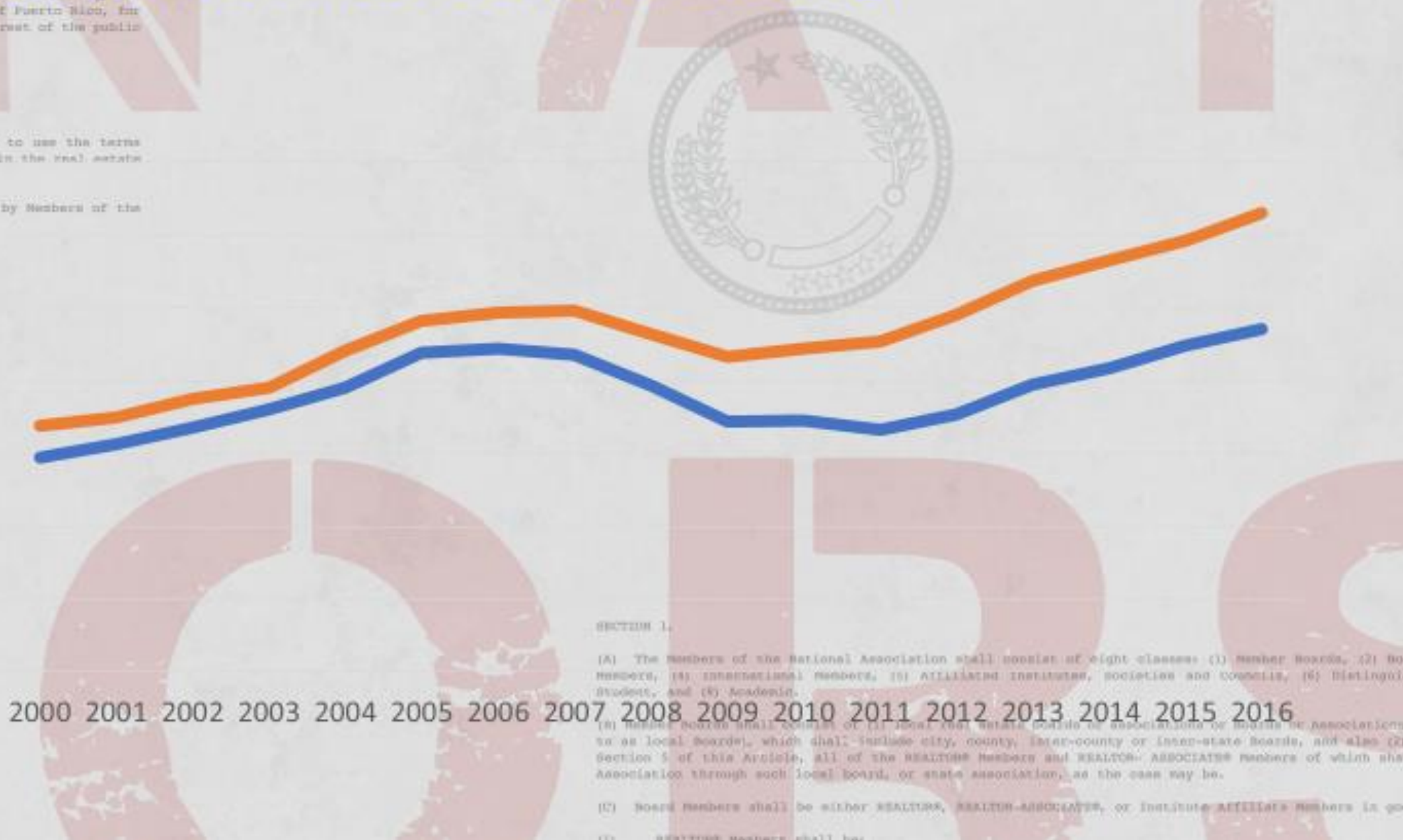
150,000


100,000

50,000

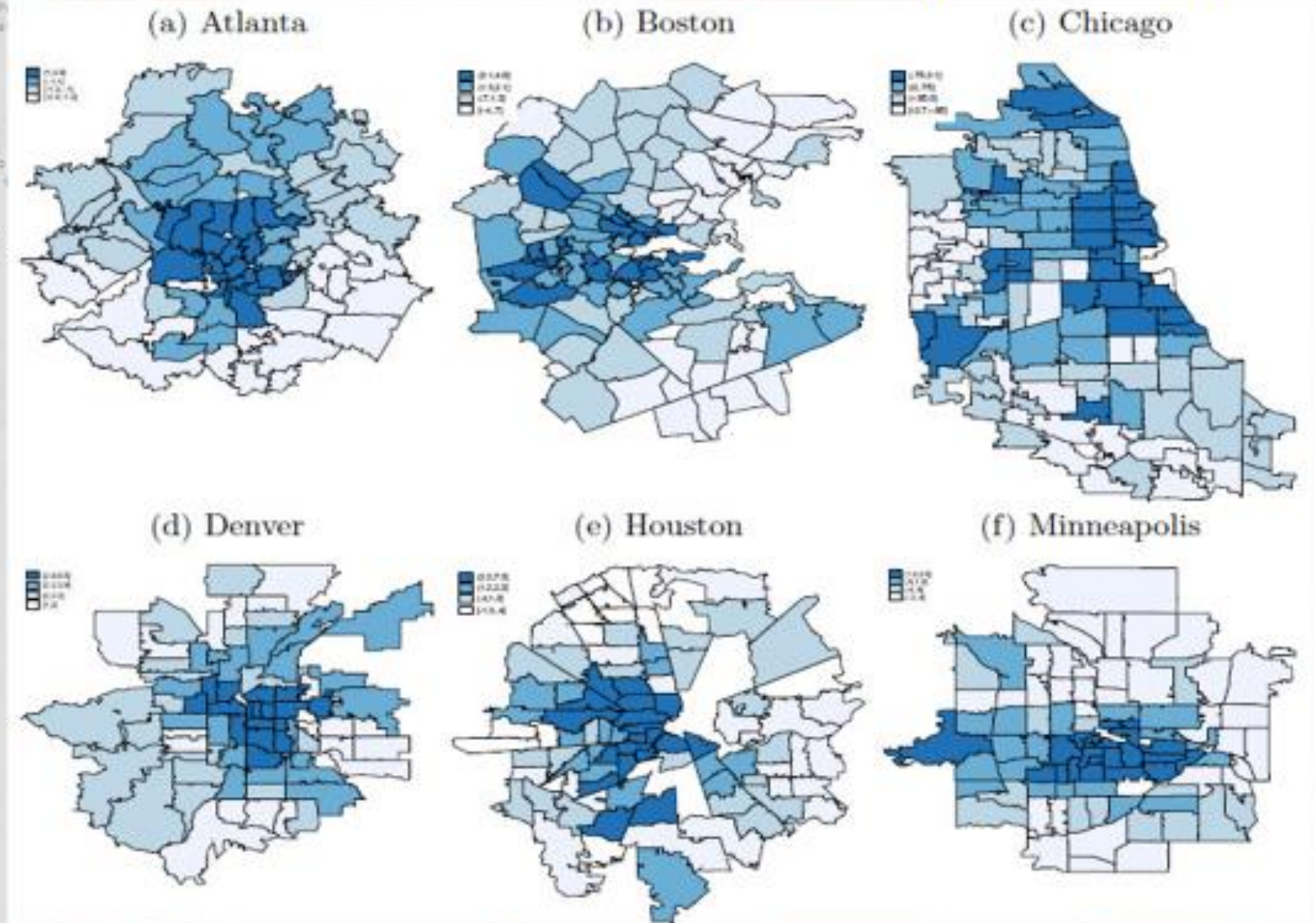
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2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016



- ▶ Demographics- boomers to millennials- what they want
 - ▶ Urban recovery/job centers/walkability
 - ▶ Homeownership 62%
 - ▶ Time sharing cars and autonomous cars
- 
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FHFA Home Price Index: County and Zip



Source: Dr. Doerner, FHFA

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 (D) REALTOR MEMBERS shall be

▶ Stats on where we are



Listing and Sales Summary Report

April 2017



	Total Sales (Units)			Median Sales Prices			Average DOM			On-Market Listings (Ending Inventory)		
	Apr-17	Apr-16	% Change	Apr-17	Apr-16	% Change	Apr-17	Apr-16	% Change	Apr-17	Apr-16	% Change
All MLS (All Inclusive)	6,435	6,802	-5.4%	\$159,389	\$144,900	+10.0%	45	59	-23.7%	16,552	27,040	-38.8%
City of Detroit*	339	323	+5.0%	\$25,000	\$18,000	+38.9%	52	61	-14.8%	1,479	2,492	-40.7%
Dearborn/Dearborn Heights*	173	156	+10.9%	\$130,000	\$100,000	+30.0%	33	49	-32.7%	350	630	-44.4%
Genesee County	426	477	-10.7%	\$111,661	\$104,750	+6.6%	57	76	-25.0%	1,140	1,720	-33.7%
Greater Wayne*	1,253	1,283	-2.3%	\$135,000	\$119,900	+12.6%	36	45	-20.0%	2,197	3,984	-44.9%
Grosse Pointe Areas*	80	71	+12.7%	\$293,500	\$280,000	+4.8%	49	46	+6.5%	175	344	-49.1%
Hillsdale County	11	14	-21.4%	\$124,000	\$130,000	-4.6%	59	98	-39.8%	62	69	-10.1%
Huron County	8	2	+300.0%	\$61,750	\$43,012	+43.6%	181	34	+432.4%	62	87	-28.7%
Jackson County	139	157	-11.5%	\$124,950	\$115,000	+8.7%	86	135	-36.3%	840	838	+0.2%
Lapeer County	92	100	-8.0%	\$159,950	\$145,000	+10.3%	57	75	-24.0%	290	562	-48.4%
Lenawee County	86	110	-21.8%	\$138,500	\$116,250	+19.1%	84	99	-15.2%	412	438	-5.9%
Livingston County	261	283	-7.8%	\$245,000	\$217,250	+12.8%	42	58	-27.6%	614	906	-32.2%
Macomb County	1,128	1,293	-12.8%	\$149,500	\$140,000	+6.8%	41	46	-10.9%	1,845	4,269	-56.8%
Metro Detroit Area*	4,615	4,791	-3.7%	\$169,000	\$154,250	+9.6%	38	48	-20.8%	9,755	17,615	-44.6%
Monroe County	155	146	+6.2%	\$148,950	\$136,125	+9.4%	94	92	+2.2%	530	753	-29.6%
Montcalm County	2	1	+100.0%	\$70,775	\$72,404	-2.2%	96	100	-4.0%	11	9	+22.2%
Oakland County	1,634	1,609	+1.6%	\$229,950	\$205,000	+12.2%	34	47	-27.7%	3,620	5,964	-39.3%
Saginaw County	168	177	-5.1%	\$100,000	\$84,500	+18.3%	79	98	-19.4%	589	814	-27.6%
Sanilac County	26	26	0.0%	\$116,500	\$92,000	+26.6%	95	100	-5.0%	181	243	-25.5%
Shiawassee County	54	92	-41.3%	\$91,000	\$84,800	+7.3%	73	114	-36.0%	142	294	-51.7%
St. Clair County	182	198	-8.1%	\$122,000	\$123,500	-1.2%	63	73	-13.7%	522	1,076	-51.5%
Tuscola County	24	40	-40.0%	\$67,838	\$85,500	-20.7%	79	147	-46.3%	125	191	-34.6%
Washtenaw County	363	360	+0.8%	\$256,290	\$224,295	+14.3%	35	51	-31.4%	1,319	1,636	-19.4%
Wayne County	1,592	1,606	-0.9%	\$115,000	\$101,000	+13.9%	39	48	-18.8%	3,676	6,476	-43.2%

* Included in county numbers.

Market Summary – April, 2017

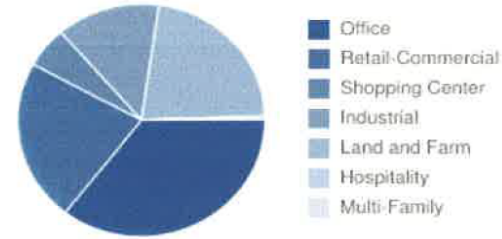
Michigan

76.0 million SF
Commercial Space For Sale

49,633 Acres
Land & Farm For Sale

73.6 million SF
Commercial Space For Lease

\$5.0 billion
Total Sale Price



Current Statistics for Michigan

Property Type	Listings	Asking Lease Rate	Asking Sale Price	Below List	Days on Market	Total Available
Industrial	1,886	\$4.76 PSF	\$33.49 PSF	18.0%	334	77.7 million SF
Office	4,955	\$14.92 PSF	\$68.08 PSF	16.4%	434	29.0 million SF
Retail-Commercial	3,146	\$10.80 PSF	\$62.98 PSF	12.6%	418	21.5 million SF
Shopping Center	801	\$11.82 PSF	\$57.24 PSF	-	285	5.9 million SF
Vacant Land	3,100	\$6.49 PSF	\$1 PSF	30.3%	733	2.2 billion SF
Farm/Ranch	9	-	\$0.46 PSF	-	979	17.2 million SF
Hospitality	15	-	\$27.58 PSF	-	-	485,994 SF
Multi-Family	53	-	\$24.17 PSF	5.9%	168	2.1 million SF

- **Frequency:** Statistics are compiled at the beginning of each month.
- **Reliability:** The quality of the data will vary based on many factors, including whether or not your CIE verifies the data on an ongoing basis. Statistics based on larger numbers of listings (as indicated by the "Listings" column) are generally more trustworthy.
- **Accuracy:** We make all attempts to normalize these stats, but make no guarantees about their accuracy. Outliers (extremely high or low values) are excluded from calculations.
- **Counts:** Listing and Transaction counts reflect the number of records with price and size information within valid ranges. The actual counts of all records in the CIE are larger.
- **Weighted Averages:** Price averages are weighed using the square footage available.
- **Direct:** Lease statistics are direct (exclude subleases).
- **Lease Types:** Because of discrepancies in how lease types (NNN, Gross, etc) are reported, we ignore differences in type -- all types are folded together into the lease rate stats.
- **Below List:** Reflects the average percent difference between the original listed price and the final transaction price.
- **Net Absorption:** We calculate absorption using a 90 day period.
- **Locations:** We only allow filters for locations with at least 100 active listings.
- **Asking vs. Reported:** "Asking" prices are based on active listings for the chosen locale, while "Reported" prices are calculated using completed transactions as reported by CIE members.

Disclaimer: All statistics on this page have been gathered from user-loaded listings and user-reported transactions. We have not verified accuracy and make no guarantees. By using the information provided on this page, the user acknowledges that the data may contain errors or other nonconformities. You and/or your client should diligently and independently verify the specifics of the information that you are using.



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▶ What is next?



Economic Forecast

	2015	2016	2017 Forecast	2018 Forecast
GDP Growth	2.6%	1.6%	2.2%	2.4%
Job Growth	+2.6 million	+2.0 million	+2.1 million	+2.4 million
CPI Inflation	0.3%	1.3%	2.3%	2.2%

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(C) Board members shall be either REALTOR®, REALTOR® ASSOCIATE®, or Institute Affiliated Members in good standing.

(D) REALTOR® members shall be:

Housing Forecast

	2015	2016	2017 Forecast	2018 Forecast
New Home Sales	500,000	560,000	620,000	670,000
Existing Home Sales	5.3 million	5.4 million	5.6 million	5.8 million
Median Price Growth	+ 6.8%	+5.1%	+5.0%	+3.5%
30-year Rate	3.9%	3.6%	4.3%	5.0%


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(D) REALTOR® members shall be:

- ▶ Tax base growth- Taxable vs. SEV;
New investment
 - ▶ Future risks to tax base- another
downturn in economy, federal tax
reform and Mortgage Interest
Deduction
- 

▶ Thank you!

